UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May 2024

Commission File Number: 001-40777

ARQIT QUANTUM INC.

(Exact name of registrant as specified in its charter)

Nova North, Floor 7, 11 Bressenden Place
London SW1E 5BY, United Kingdom
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

EXPLANATORY NOTE

On May 20, 2024 Arqit Quantum Inc. ("**Arqit**") Arqit reported its financial and operational results for the six months ended March 31, 2024. A copy of a press release Arqit issued in connection therewith entitled "Arqit Quantum Inc. Announces Financial and Operational Results for the First Half of Fiscal Year 2024," is attached as Exhibit 99.1 hereto, Arqit's unaudited condensed consolidated interim financial statements as of and for the six months ended March 31, 2024 are attached hereto as Exhibit 99.2 and management's discussion and analysis of financial condition and results of operations for the six months ended March 31, 2024 is attached hereto as Exhibit 99.3.

Other than as indicated below, the information in this Report of Foreign Private Issuer on Form 6-K (including the exhibits hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act. The information furnished in Exhibit 99.2 and Exhibit 99.3 to this Report of Foreign Private Issuer on Form 6-K is hereby incorporated by reference into the Company's registration statements on Form S-8 (File Nos. 333-262215 and 333-275960) and Form F-3 (File Nos. 333-268786 and File No. 333-259982), and shall be a part thereof, to the extent not superseded by documents or reports subsequently filed or furnished.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release of Arqit Quantum Inc., dated May 20, 2024.
99.2	Unaudited Condensed Consolidated Interim Financial Statements as of and for the Six Months Ended March 31, 2024.
99.3	Management’s Discussion and Analysis for the Six Months Ended March 31, 2024.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARQIT QUANTUM INC.

By: /s/ David Williams
Name: David Williams
Title: Chief Executive Officer

Date: May 20, 2024

Arqit Quantum Inc. Announces Financial and Operational Results for the First Half of Fiscal Year 2024

$119,000 of revenue for the six month period ended 31 March 2024 with certain prospective deals slipping to the second half of the fiscal year

Renewal or contract extension with nine existing customers, representing revenue from small engagements with potential for larger reveneue opportunities in the future

Recent significant award notification

Additional cost reduction initiative commenced, which is expected to reduce operating costs to $1.8 million per month

Cash position of $21.3 million at the end of the period

London, UK – 20 May 2024 – Arqit Quantum Inc. (Nasdaq: ARQQ, ARQQW) ("Arqit"), a leader in quantum safe encryption, today announced its operational and financial results for the six months ended 31 March 2024.

Recent Operational Highlights

- Arqit sells Symmetric Key Agreement ("SKA") software enabling quantum safe encryption. The company has re-branded its flagship product from QuantumCloud™ to SKA Platform™ to more precisely reflect its offering which no longer contains any hardware or quantum effects – it is a pure software tech stack which runs in the cloud.

- During the first half of fiscal year 2024, nine existing customers renewed or increased commitments to buy Arqit software under existing contracts. All customer contracts maturing during the period were renewed or extended.

- Several transactions that were expected to bill in the period slipped into the second half of the fiscal year. Following the end of the first half of the fiscal year, Arqit entered into several new transactions and contract expansions that are expected to result in revenue recognised during the second half of the fiscal year.

- After the period end we were notified of the award, following a competition, of a seven figure multi-year contract with a government customer in the EMEA region, our first such contract.

- Three new major telcos operators agreed to or launched initial test installations and several others are in planning, suggesting market adoption is now accelerating.

- In April, Arqit announced that an integration of its software with Intel for out-of-the-box post-quantum cryptography solutions using Arqit's SKA Platform™ running on Intel Xeon Scalable processors. Arqit believes it represents the world's first quantum-safe, 1.89 Tb IPsec solution. The product is currently available for sale and joint commercial efforts are underway. Arqit views this as a very significant milestone and a key differentiator against competition.

- Arqit's TradeSecure™ offering which provides a symmetric key agreement solution for digital assets, specifically trade finance documents, announced in April 2024 additional partners to bring Arqit TradeSecure™ to market:

  - Lux Kapitalmarkt Management AG (LuxAG) has entered into a partnership with Arqit and TraxPay to invest in digital negotiable instruments. This partnership will help to facilitate liquidity in the supply chain finance market.

  - Vayana TradeXchange's marketplace for global trade finance will use Arqit TradeSecure™ technology to transform international supply chains. Vayana TradeXchange is part of Vayana Group, one of India's largest regulated networks for domestic supply chain finance.

- Following the launch of our TradeSecure™ product with supply chain platforms and credit funds signing agreements to provide vendor financing, a number of transactions are currently under negotiation.

- Telecom Italia Sparkle announced the successful completion of a quantum-safe VPN test, preliminary to a large-scale commercial launch. TI Sparkle is one of the largest Tier 1 Internet providers in the world. It owns and manages a network of more than 600,000 km of fibre.

- Arqit announced one additional OEM relationship (Intel) bringing total OEM partners or relationships to three; and announced additional reseller relationships with Phalanx, Total Computers, LuxAG and Vayana TradeXchange bringing total reseller relationships to 12. Arqit also has four distributor relationships.

- During the period, Arqit made significant progress in generating positive evaluation of its technology by major government organisations which are influential in the development and adoption of technological standards, particularly for cyber security. Arqit expects to report more fully on this in future periods.

- During this period, Arqit announced that Arqit's SKA Platform™ meets the National Security Agency (NSA) Commercial Solutions for Classified (CSfC) Symmetric Key Management Requirements Annex V2.0 and uses an NSA approved Key Generation Solution (KGS) to generate and manage pre-shared keys. The SKA Platform has been integrated into NIAP validated CSfC components which deliver a significant competitive advantage for national security systems. As such, there is a growing interest from OEM partners and telcos for incorporation into government contracts. Arqit is positively engaged with a number of national security and cyber agencies.

- Arqit won two Global Mobility awards at Mobile World Congress in February 2024. The company took home the top honour in the CTO Choice: Outstanding Mobile Technology Award category, which was voted on by CTO's across the industry, including those from the world's major mobile phone companies. The award was for a secure 5G solution that was developed in collaboration between Arqit, Hewlett Packard Aruba and Ampliphae. The collaboration also won the award for Best Mobile Security Solution.

- During the first half of fiscal 2024, after a comprehensive sale process failed to result in a transaction for its satellite division, Arqit discontinued its satellite construction program. All costs associated with the program have been eliminated, and assets and liabilities related to the program have been classified as discontinued operations. There is no longer any hardware element to Arqit's activities – the company is solely focused on selling its SKA Software.

- In April, Arqit was informed by Nasdaq that it was eligible for an additional 180 day period in order to regain compliance with Nasdaq minimum bid price requirements.

- In May 2024, Arqit commenced a cost reduction initiative across all business functions which will include the elimination of significant headcount. These cost reduction actions have begun in accordance with local laws in each of the relevant jurisdictions. Pro forma for the cost reduction initiative, Arqit will have 81 employees as compared to 125 at the end of the reporting period. In addition, the company has undertaken actions to rationalize its office space to further reduce costs. These cost reduction initiatives are expected to result in a 40% decrease in monthly budgeted operating costs to approximately $1.8 million commencing July from previously budgeted monthly operating costs of approximately $3.0 million. As of 31 March 2024, Arqit had $21.3 million of cash and cash equivalents.

- In December 2022, Arqit established an at-the-market equity offering program (the "ATM Program") pursuant to which it may issue and sell ordinary shares with an aggregate offering amount of up to $50.0 million. Effective 15 April 2024, Arqit amended its ATM Program reducing the aggregate offering amount to $29.0 million. As a result, the remaining balance available for issuance, net of amounts issued in previous periods, is $17.5 million. Arqit did not issue any shares under the ATM Program during the first half of fiscal year 2024.

- After the close of the fiscal period, $0.9 million in gross proceeds from an equity subscription from D2BW Limited, an entity controlled by Arqit's founders, was received.

Management Commentary

There is increasing market awareness of the need for Post Quantum Cryptography by cyber security technology vendors and customers. Arqit's technology has been selected by several important OEM partners and customers and has been well received in on-going government evaluations. Important new industry voices are amplifying the suitability of Arqit's Symmetric Key Agreement Platform:

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- In May, Intel published a detailed white paper describing the technical merits of the integration of Arqit SKA technology with Intel processers to address the store now, decrypt later threat and launched commercial sale of the integration.

- In May, Industrial Data Corporation, in partnership with Arqit, independently reviewed and published a research note describing the positive merits of Arqit's products.

- In February, the GSMA conference publisher released a paper describing the need for and suitability of Arqit's products for the mobile phone industry.

- In May 2022, the NSA/NIAP mandated that all providers of VPNs working under NSA Commercial Solutions for Classified accreditation must incorporate an industry standard called RFC8784 which describes a method for injecting Symmetric Keys into VPNs. Arqit believes it has the only cloud software method capable of meeting this requirement with provable security and Zero Trust Network Architecture.

Independent market research suggests that around a third of respondents are actively implementing post-quantum cryptography or are planning to do so in the next twelve months. Although the pace of market adoption has lagged our expectations, the traction we are seeing in defence and telcos is supportive of this research.

As a result of growing market adoption and improving customer engagement, Arqit expects to begin generating more significant and consistent revenues by the end of the first half of the 2025 fiscal year.

The imperative for stronger encryption emanating from organizations such as The White House and NSA is resonating with the marketplace. The benefits of symmetric key agreement encryption versus alternative methods of enhanced encryption are being recognized as well. Increased market awareness and recognition of the efficacy of SKA are favourable to prospective demand for Arqit SKA Platform™.

Arqit's collaboration with Intel and awarding of the CTO Choice: Outstanding Mobile Technology Award at the Mobile World Congress support our belief in the prospective demand for Arqit SKA Platform™. Initial discussion to public announcement of integration with Intel Xeon Scalable processors occurred in less than three months – which Arqit believes demonstrates belief and intent by a market leader in chip technology in the need for and the efficacy of Arqit SKA Platform™.

As previously announced, Arqit is focusing its resources on delivering its applications NetworkSecure™, TradeSecure™ and WalletSecure™. The end customers for these products are broadly governments, network operators (e.g. telcos) and financial institutions. Each end customer base is of scale and financial wherewithal. However, these organizations also are deliberate in matters of adopting new technology solutions. Our revenue generation for the first half of fiscal 2024 is not reflective of the depth and breadth of engagements which Arqit has with numerous potential end customers. Several expected upgrades to existing contracts and several expected new contracts, all meaningful to revenue growth, which were expected in the period slipped into the second half of the fiscal year. We take comfort from the renewal of all contracts that were due to expire during the period and increased commitments by several of our existing customers.

Arqit continues to focus on minimizing its cost structure as we work toward increased revenue generation. The additional cost reduction initiatives commenced in early May reflects management's commitment to taking necessary measures to give Arqit the runway to succeed.

Commenting, David Williams, Arqit Founder, Chairman and Chief Executive Officer said: "While revenue generation lagged our expectations, Arqit has made significant progress in the period in making new installations with government, telcos and financial services customers. Conversion of these engagements to significant revenue is our relentless focus.

We see additional opportunities for end customers to consume our product through our collaboration with Intel. We are excited about this recent development which builds upon our other OEM integrations, distribution and reseller relationships.

My conviction in the prospects for Arqit remains high. The purchase of shares by D2BW Limited, an entity I own along with my co-founder, David Bestwick, in April reflects our conviction that Arqit's SKA Platform™ is the solution for stronger, simpler encryption."

First Half of Fiscal Year 2024 Financial Highlights

The following is a summary of Arqit's operating results for the six month period ended 31 March 2024. Comparison is made, where applicable, to the comparable period ended 31 March 2023.

- Generated $119 thousand in Revenue for the first half of fiscal year 2024 as compared to $19 thousand for the comparable period in 2023.

- Arqit generated Revenue during the period from Arqit SKA (PaaS)™, Arqit NetworkSecure™ (firewall) and professional services. Nine customers during the period increased or renewed existing contracts. All contracts due to expire during the period were renewed. No contracts were terminated. Arqit executed on three contracts for Arqit SKA (PaaS)™, four contracts for Arqit NetworkSecure™ and four contracts for professional services.

- Arqit's SKA Private Instance product involves the sale of an initial Integration License which allows customers to set up the platform The full commercial use of that platform results in new revenues from the sale of end point license bundles which are then expected to become recurring after the initial Integration License period. Arqit sold two such licenses in the fiscal period ending 30 September 2023. Arqit expected to generate new Integration License sales in the period ending 31 March 2024 but these sales opportunities slipped into the second half of the fiscal year.

- For the comparable period in 2023, Arqit SKA Platform™ Revenue totalled $19 thousand from two contracts.

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- Administrative Expenses[1] for the period were $16.8 million versus $25.4 million for the comparable period in 2023. Lower employee costs resulting from headcount reduction and attrition were the primary drivers of lower Administrative Expenses. Arqit ended the period with headcount of 125 employees versus 170 at 31 March 2023. Pro forma for cost reduction activities initiated after the close of the financial period, Arqit's pro forma headcount will be 81. Administrative expense for the period includes a $293 thousand non-cash credit for share based compensation versusa $8.3 million non-cash charge for the comparable period in 2023.

- Operating loss for the period was $16.6 million versus a loss of $25.4 million for the first half of fiscal year 2023. The variance in operating loss between periods primarily reflects lower Administrative Expenses resulting from cost actions.

- Loss before tax was $16.1 million. Adjusted loss before tax was $16.1 million[2] which in management's view reflects the underlying business performance once the non-cash change in warrant value is deducted from loss before tax. For the comparable period in fiscal year 2023, profit before tax was $12.6 million and adjusted loss before tax was $34.7m million. The variance between periods is primarily due to the change in fair value of warrants and cost actions.

- During the six months ended March 31, 2024, Arqit determined that its satellite assets were no longer considered as "held for sale". As a result, the satellite assets have been fully impaired, and an impairment loss was recognized as part of "loss from discontinued operations, net of tax" for the six months ended March 31, 2024.

- Arqit ended the first half of fiscal 2024 with a cash and cash equivalents of $21.3 million versus a cash balance of $44.5 million as of Arqit's 30 September 2023 fiscal year end.

- During the period 4,481,825 restricted share units were granted under Arqit's equity incentive plan. A total of 10,280,849 restricted share units and 8,004,817 options, have been granted to employees, officers and directors under the plan to date.

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Conference Call Information

Arqit will host a conference call at 11:00 a.m. ET / 8:00 a.m. PT on 20 May 2024 with the Company's Founder, Chairman and CEO, David Williams, and CFO, Nick Pointon. A live webcast of the call will be available on the "News & Events" page of the Company's website at ir.arqit.uk. To access the call by phone, please go to this link (registration link) and you will be provided with dial in details. To avoid delays, we encourage participants to dial into the conference call fifteen

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1 Administrative expenses are equivalent to operating expenses.

2 Adjusted loss before tax is a non-IFRS measure. For a discussion of this measure, how its calculated and a reconciliation to the most comparable measure calculated in accordance with IFRS, please see "Use of Non-IFRS Financial Measures" below.

minutes ahead of the scheduled start time. A replay of the webcast will also be available for a limited time at ir.arqit.uk.

About Arqit

Arqit Quantum Inc. (Nasdaq: ARQQ, ARQQW) (Arqit) supplies a unique encryption software service which makes the communications links of any networked device, cloud machine or data at rest secure against both current and future forms of attack on encryption – even from a quantum computer. Compatible with NSA CSfC Components and meeting the demands of NSA CSfC Symmetric Key Management Requirements Annexe 1.2. and RFC 8784, Arqit's Symmetric Key Agreement Platform uses a lightweight software agent that allows end point devices to create encryption keys locally in partnership with any number of other devices. The keys are computationally secure and facilitate Zero Trust Network Access. It can create limitless volumes of keys with any group size and refresh rate and can regulate the secure entrance and exit of a device in a group. The agent is lightweight and will thus run on the smallest of end point devices. The product sits within a growing portfolio of granted patents. It also works in a standards compliant manner which does not oblige customers to make a disruptive rip and replace of their technology. Arqit is winner of two GSMA Global Mobile Awards, The Best Mobile Security Solution and The CTO Choice Award for Outstanding Mobile Technology, at Mobile World Congress 2024, recognised for groundbreaking innovation at the 2023 Institution of Engineering and Technology Awards and winner of the National Cyber Awards' Innovation in Cyber Award and the Cyber Security Awards' Cyber Security Software Company of the Year Award. Arqit is ISO 27001 Standard certified. www.arqit.uk

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Use of Non-IFRS Financial Measures

Arqit presents adjusted loss before tax, which is a financial measure not calculated in accordance with IFRS. Although Arqit's management uses this measure as an aid in monitoring Arqit's on-going financial performance, investors should consider adjusted loss before tax in addition to, and not as a substitute for, or superior to, financial performance measures prepared in accordance with IFRS. Adjusted loss before tax is defined as loss before tax excluding change in fair value of warrants, which is non-cash. There are limitations associated with the use of non-IFRS financial measures, including that such measures may not be comparable to similarly titled measures used by other companies due to potential differences among calculation methodologies. There can be no assurance whether (i) items excluded from the non-IFRS financial measures will occur in the future, or (ii) there will be cash costs associated with items excluded from the non-IFRS financial measures. Arqit compensates for these limitations by using adjusted loss before tax as a supplement to IFRS loss before tax and by providing the reconciliation for adjusted loss before tax to IFRS loss before tax, as the most comparable IFRS financial measure.

IFRS and Non-IFRS loss before tax

Arqit presents its consolidated statement of comprehensive income according to IFRS and in line with SEC guidance. Consequently, the changes in warrant values are included within that statement in arriving at loss before tax. The changes in warrant values are non-cash. After this adjustment is made to Arqit's IFRS loss before tax of $16.1 million, Arqit's non-IFRS adjusted loss before tax is $16.1 million, as shown in the reconciliation table below.

	Six month period ended 31 March 2024 $'000		Six month period ended 31 March 2023 $'000	
Loss before tax on an IFRS basis	$	(16,105)	$	(21,836)
Change in fair value of warrants	$	1	$	(12,910)
Adjusted loss before tax	**$**	**(16,104)**	**$**	**(34,746)**

The change in fair value of warrants arises as IFRS requires our outstanding warrants to be carried at fair value within liabilities with the change in value from one reporting date to the next being reflected against profit or loss in the period. It is non-cash and will cease when the warrants are exercised, are redeemed, or expire.

Other Accounting Information

As of 31 March 2024, we had $26.5 million of total liabilities, $8 thousand of which related to our outstanding warrants, which are classified as liabilities rather than equity according to IFRS and SEC guidance. The warrant liability amount reflected in our consolidated statement of financial position is calculated as the fair value of the warrants as of 31 March 2024. Our liabilities other than warrant liabilities were $26.5 million, and we had total assets of $41.8 million including cash of $23.3 million.

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Caution About Forward-Looking Statements

This communication includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, may be forward-looking statements. These forward-looking statements are based on Arqit's expectations and beliefs concerning future events and involve risks and uncertainties that may cause actual results to differ materially from current expectations. These factors are difficult to predict accurately and may be beyond Arqit's control. Forward-looking statements in this communication or elsewhere speak only as of the date made. New uncertainties and risks arise from time to time, and it is impossible for Arqit to predict these events or how they may affect it. Except as required by law, Arqit does not have any duty to, and does not intend to, update or revise the forward-looking statements in this communication or elsewhere after the date this communication is issued. In light of these risks and uncertainties, investors should keep in mind that results, events or developments discussed in any forward-looking statement made in this communication may not occur. Uncertainties and risk factors that could affect Arqit's future performance and cause results to differ from the forward-looking statements in this release include, but are not limited to: (i) the outcome of any legal proceedings that may be instituted against the Arqit, (ii) the ability to maintain the listing of Arqit's securities on a national securities exchange, (iii) changes in the competitive and regulated industries in which Arqit operates, variations in operating performance across competitors and changes in laws and regulations affecting Arqit's business, (iv) the ability to implement business plans, forecasts, and other expectations, and identify and realise additional opportunities, (v) the potential inability of Arqit to successfully deliver its operational technology, (vi) the risk of interruption or failure of Arqit's information technology and communications system, (vii) the enforceability of Arqit's intellectual property, and (viii) other risks and uncertainties set forth in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" in Arqit's annual report on Form 20-F (the "Form 20-F"), filed with the U.S. Securities and Exchange Commission (the "SEC") on 21 November 2023 and in subsequent filings with the SEC. While the list of factors discussed above and in the Form 20-F and other SEC filings are considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realisation of forward-looking statements.

Exhibit 99.2

Arqit Quantum Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the period ended 31 March 2024

Arqit Quantum Inc.
Unaudited Condensed Consolidated Financial Statements
as of and for the period ended 31 March 2024

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Arqit Quantum Inc.
Condensed Consolidated Statement of Comprehensive Income
For the period ended 31 March 2024

	Note	Unaudited six month period ended 31 March 2024 $'000	Unaudited six month period ended 31 March 2023 (re-presented) $'000
Continuing operations			
Revenue	2	119	19
Administrative expenses	3	(16,757)	(25,383)
Operating loss		(16,638)	(25,364)
Change in fair value of warrants		(1)	12,910
Finance costs		(140)	(169)
Finance income		674	—
Loss before tax		(16,105)	(12,623)
Income tax		—	—
Loss from continuing operations		(16,105)	(12,623)
Discontinued operation		—	—
Loss from discontinued operation, net of tax	4	(31,567)	(9,213)
Loss for the period		(47,672)	(21,836)
Other comprehensive loss:			
Items that may be reclassified to profit or loss			
Currency translation differences		(2,848)	(2,503)
Total comprehensive loss for the period attributable to equity holders		(50,520)	(24,339)
Total comprehensive loss for the year attributable to equity holders arises from:			
Continuing operations		(18,953)	(15,126)
Discontinued operations		(31,567)	(9,213)
Total comprehensive loss for the year attributable to equity holders		**(50,520)**	**(24,339)**
Earnings per ordinary share from continuing operations attributable to equity holders			
Basic earnings per share		(0.09926)	(0.10064)
Diluted earnings per share		(0.09926)	(0.10064)
Earnings per ordinary share for the loss attributable to equity holders			
Basic earnings per share		(0.29383)	(0.17409)
Diluted earnings per share		(0.29383)	(0.17409)

Comparative information has been re-presented due to a discontinued operation. See Note 4.

Arqit Quantum Inc.
Condensed Consolidated Statement of Financial Position
As at 31 March 2024

	Note	Unaudited 31 March 2024	Audited 30 September 2023
		$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,530	1,963
Right of use asset		5,428	6,141
Intangible assets	5	3,738	3,414
Fixed asset investments		32	30
Trade and other receivables	6	1,952	1,888
Total non-current assets		12,680	13,436
Current assets			
Trade and other receivables	6	7,796	3,217
Cash and cash equivalents		21,328	44,455
Assets classified as held for sale	4	—	38,677
Total current assets		29,124	86,349
Total assets		41,804	99,785
LIABILITIES			
Current liabilities			
Trade and other payables	7	14,745	18,831
Lease liabilities		2,436	2,118
Liabilities classified as held for sale	4	—	5,869
Total current liabilities		17,181	26,818
Non-current liabilities			
Trade and other payables	7	4,041	24
Lease liabilities		5,243	6,284
Warrants liability		8	6
Total non-current liabilities		9,292	6,314
Total liabilities		26,473	33,132
Net assets		**15,331**	**66,653**
EQUITY			
Share capital	8	17	16
Share premium	9	137,021	137,021
Other reserves	9	166,804	166,804
Foreign currency translation reserve	9	(1,058)	1,790
Share-based payment reserve	9	37,752	38,555
Retained earnings	9	(325,205)	(277,533)
Total Equity		**15,331**	**66,653**

Arqit Quantum Inc.
Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2024

	Share Capital $'000	Share Premium $'000	Other reserves $'000	Foreign currency translation $'000	Share option reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 October 2022	12	92,306	166,804	3,357	23,216	(207,139)	78,556
Loss for the period	—	—	—	—	—	(21,836)	(21,836)
Other comprehensive income	—	—	—	(2,503)	—	—	(2,503)
Total comprehensive income	—	—	—	(2,503)	—	(21,836)	(24,339)
Issuance of ordinary shares	1	16,889	—	—	—	—	16,890
Transactions with owners in their capacity as owners:							
Share option charge	—	—	—	—	9,056	—	9,056
Balance at 31 March 2023 attributable to owners of the Group	**13**	**109,195**	**166,804**	**854**	**32,272**	**(228,975)**	**80,163**
Balance at 1 October 2023	16	137,021	166,804	1,790	38,555	(277,533)	66,653
Loss for the period	—	—	—	—	—	(47,672)	(47,672)
Other comprehensive income	—	—	—	(2,848)	—	—	(2,848)
Total comprehensive income	—	—	—	(2,848)	—	(47,672)	(50,520)
Issuance of ordinary shares	1	—	—	—	—	—	1
Transactions with owners in their capacity as owners:							
Share option credit	—	—	—	—	(803)	—	(803)
Balance at 31 March 2024 attributable to owners of the Group	**17**	**137,021**	**166,804**	**(1,058)**	**37,752**	**(325,205)**	**15,331**

Arqit Quantum Inc.
Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2024

	Unaudited six month period ended 31 March 2024 $'000	Unaudited six month period ended 31 March 2023 $'000
Cash flows from operating activities		
Cash used in operations	(22,655)	(9,356)
Net cash used in operating activities	(22,655)	(9,356)
Cash flows from investing activities		
Interest received	674	—
Capital expenditure on property, plant and equipment	(6)	(207)
Capital expenditure on intangibles	(1,068)	(16,930)
Net cash used in investing activities	(400)	(17,137)
Cash flows from financing activities		
Shares issued on exercise of warrants	—	—
Proceeds from issue of shares, net of issue costs	—	19,788
Payments of lease liabilities	(284)	(558)
Payments of interest portion of lease liabilities	(37)	(99)
Proceeds from government grants	416	508
Net cash generated from financing activities	95	19,639
Net decrease in cash and cash equivalents	(22,960)	(6,854)
Cash and cash equivalents at beginning of period	44,455	48,966
Foreign exchange on cash and cash equivalents	(167)	(608)
Cash and cash equivalents at end of period	21,328	41,504

1. General information and significant accounting policies

General information

Arqit Quantum Inc. (the "Company") is a Cayman Islands exempted limited liability company with registered number 374857. The address of its registered office and its principal place of trading is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

These condensed consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activity of the Group is provision of cybersecurity services.

Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB, including IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended September 30, 2023. The report of the auditors on those financial statements was unqualified. The comparative balance sheet figures for the year ended September 30, 2023, were derived from the audited consolidated financial statements.

The unaudited condensed consolidated financial statements have been presented in United States Dollars "USD" which is also the Group's functional currency. All values are rounded to the nearest units (USD '000), except when otherwise indicated.

Information on the accounting policies applied can be found in the Group's latest annual audited financial statements. The unaudited condensed consolidated interim financial statements are prepared on the historical cost basis, other than investor warrants held at fair value through profit or loss.

Going Concern

The directors have adopted the going concern basis in preparing these condensed consolidated financial statements. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group. As part of their assessment, the Directors have also taken into account the ability to raise additional funding whilst maintaining sufficient cash resources to meet all commitments. The Group has prepared detailed forecasts considering the impact of the current economic and political climate and uncertainties and strong cost control measures are in place. The forecasts show that the Group will be able to grow according to its plans and that it can continue to operate for the foreseeable period. Based on the above, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, such that they will be able to realize their assets and discharge their liabilities in the normal course of business for a period of at least 12 months from the date of signing these consolidated condensed financial statements, and beyond. Therefore, the financial statements are prepared on the going concern basis.

1. General information and significant accounting policies (continued)

Use of judgments and estimates

The preparation of the unaudited condensed consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a senior finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The senior finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the senior finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group audit committee.

1. General information and significant accounting policies (continued)

Use of judgments and estimates (continued)

Measurement of fair values (continued)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

New and amended standards adopted by the Group

There have been no new or amended standards adopted by the Group for the first time during the interim period.

Operating segments

The Group operates within one operating segment, being the provision of cybersecurity services.

2. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and service line.

	Period ended 31 March 2024	**Period ended 31 March 2023**
	$'000	**$'000**
Quantum Cloud – provision of services	119	19
Geographical markets		
UK	119	19
	119	19

2. Revenue (continued)

Contract balances

The following table provides information about receivables, contract assets and contract liabilities with customers.

	31 March 2024 $'000	30 September 2023 $'000
Receivables, which are included in trade and other receivables	1,128	939
Contract assets	40	334
Contract liabilities	30	18

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on services provided. The contracts are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for services where revenue is recognized over time.

The full amount of $18 thousand recognized in contract liabilities at the beginning of the period has been recognized as revenue in the six months ended 31 March 2024.

The amount of revenue recognized in the six months ended 31 March 2024 from performance obligations satisfied (or partially satisfied) in previous periods is $nil.

3. Expenses by Nature

	Period ended 31 March 2024 $'000	Period ended 31 March 2023 $'000
Employee benefit expense and other staff costs	12,006	15,098
Capitalised within intangible assets	—	(3,149)
Legal and professional	1,874	4,828
Foreign exchange	(3,979)	(7,712)
Property costs	1,134	1,360
Share based compensation	(293)	8,350
Depreciation	497	469
Amortisation	1,078	693
Other expenses	4,440	5,446
Total administrative expenses	16,757	25,383

4. Discontinued operations and assets held for sale

In May 2023, Arqit announced that it was selling its satellite division consisting of satellite assets under construction, patents, customer contracts and an engineering team. Following that announcement, the satellite division was reported as discontinued operations and classified as a disposal group held for sale in the 2023 annual financial statements.

During the six months ended March 31, 2024, Arqit was unsuccessful in its efforts to identify a buyer for the satellite division and/or related IP, and as a result determined that its satellite assets were no longer considered as held for sale as at 31 March 2024. At 30 September 2023, the carrying amount of assets classified as held for sale is $38.7 million, with liabilities directly associated with assets classified as held for sale of $5.9 million. The assets of the satellite division have been fully impaired as at 31 March 2024. The comparative condensed consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations.

The impact on the statement of comprehensive income is as below:

	Period ended 31 March 2024 $'000	Period ended 31 March 2023 $'000
Administrative expenses	916	(420)
Impairment loss	34,065	9,633
Tax credit	(3,414)	—
Loss from discontinued operation, net of tax	31,567	9,213

The net cash flows associated with the discontinued operations are as follow:

	Period ended 31 March 2024 $'000	Period ended 31 March 2023 $'000
Net cash (used)/generated in/from operating activities	(2,232)	3,644
Net cash used in investing activities	—	—
Net cash used in financing activities	—	—
Net cash flows for the period	(2,232)	3,644

There is no impact from the discontinued operation on the financial position of the Group at 31 March 2024.

5. Intangible fixed assets

	31 March 2024 $'000
Cost	
At 1 October 2023	3,503
Additions	1,068
Reclassified to discontinued operations	(423)
Foreign exchange on translation	(177)
At 31 March 2024	3,971
Amortisation	
At 1 October 2023	(89)
Charge	(144)
At 31 March 2024	(233)
Net Book Value	
At 31 March 2024	3,738
At 31 September 2023	3,414

Amortisation on intangible assets is calculated under the straight-line method over their estimated useful lives of between3 – 10 years.

An impairment test was performed for the period ended March 31, 2024, which considered the value of existing contracts and forecasted revenuesNo impairment was deemed necessary.

6. Trade and other receivables

	31 March 2024 $'000	30 September 2023 $'000
Current assets		
Trade debtors	1,168	1,273
Other debtors	4,408	164
Prepayments and accrued income	2,220	1,780
Total	7,796	3,217
Non-current		
Other debtors	1,952	1,888

The carrying amount of financial assets recorded at amortised costs in the financial statements approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

7. Trade and other payables

	31 March 2024 $'000	30 September 2023 $'000
Current liabilities		
Trade payables	8,199	11,788
Other tax and social security	1,533	1,471
Other creditors	752	733
Accruals	4,231	4,821
Deferred income	30	18
Total	14,745	18,831

Trade payables and accruals relate to amounts payable at the balance sheet date for services received during the period. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying amount of financial liabilities recorded at amortised costs in the financial statements approximate their fair value.

	31 March 2024 $'000	30 September 2023 $'000
Non-current Liabilities		
Deferred government grants	—	24
Other payables	4,041	—
	4,041	24

8. Share capital

As of March 31, 2024, the total number of ordinary shares of the Company outstanding is166,314,238 with a par value of $0.0001.

	Number of ordinary shares	Share capital $
September 30, 2023 – par value $0.0001	**163,554,269**	**16,355**
EMI exercised	1,579,900	158
Grants vested	1,180,069	118
March 31, 2024 – par value $0.0001	**166,314,238**	**16,631**

9. Reserves

Share premium

Includes the difference in price between the par value of shares, and the total price the Group received for those shares, net of expenses.

Foreign currency translation reserve

Includes other comprehensive income relating to the translation of subsidiaries into the presentational currency of the group.

Share based payment reserve

Cumulative charges in respect of share options issued.

Retained earnings

Includes cumulative profit and loss and all other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.

Other reserves

Other reserve includes the IFRS 2 deemed acquisition cost and other reserves assumed as part of the reverse acquisition.

10. Post balance sheet events

D2BW Limited, an existing shareholder beneficially owned by Arqit's Founder, Chairman and Chief Executive Officer, David Williams, and Founder and Chief Technology Officer, David Bestwick purchased 1,241,379 ordinary shares from Arqit, with total gross proceeds to Arqit prior to the deduction of expenses of approximately $900,000. The purchase price per share was $0.725, which was the closing price of Arqit's ordinary shares as reported by Nasdaq on 28 March 2024. No warrants were granted in connection with the purchase. The transaction closed on 15 April 2024.

Results of Operations

Comparison of the Six Months Ended March 31, 2024 and 2023

Revenue

Revenue increased by $100 thousand from $19 thousand for the six months ended March 31, 2023 to $119 thousand for the six months ended March 31, 2024. The increase was due to increased sales volumes compared to the six months ended March 31, 2023 as a result of new channel partnerships formed in the period.

Administrative Expenses

Total administrative expenses decreased by $8.6 million from $25.4 million for the six months ended March 31, 2023 to $16.8 million for the six months ended March 31, 2024. Lower staff expenses, reductions in operating expenses as part of Arqit's previously announced cost reduction measures contributed to the decrease for the six months ended March 31, 2024. Administrative expense for the six months ended March 31, 2024 also included a $1.5 million non-cash credit for share based compensation compared with a $9 million charge for the six months ended March 31, 2023.

Change in Fair Value of Warrants

The change in fair value of warrants represents the difference in valuation of Arqit's warrants as of March 31, 2024, compared with the valuation as of September 30, 2023, which was non-cash loss of $1 thousand for the six months ended March 31, 2024, compared with a non-cash profit of $12.9 million for the six months ended March 31, 2023.

Finance Costs

Finance costs decreased by $29 thousand from $169 thousand for the six months ended March 31, 2023 to $140 thousand for the six months ended March 31, 2024. The decrease was primarily due to decreased interest costs incurred on lease agreements in relation to Arqit's U.K. and U.S. data center leases.

Discontinued Operations

During the year ended September 30, 2023, Arqit reclassified its satellite assets as "held for sale". As a result, income and expenses from the satellite activities previously reported as "other operating income" and "administrative expenses" were reclassified for prior reporting periods (including the six months ended March 31, 2023) as "loss from discontinued operations, net of tax" on Arqit's consolidated statement of comprehensive income. During the six months ended March 31, 2024, Arqit was unsuccessful in its efforts to identify a buyer for the satellite division and/or related IP, and as a result determined that its satellite assets were no longer considered as "held for sale". As a result, the satellite assets have been fully impaired, and an impairment loss was recognized as part of "loss from discontinued operations, net of tax" for the six months ended March 31, 2024. Arqit remains open to discussions regarding disposal of the satellite assets in order to potentially recover some proceeds in a future period.

Liquidity and Capital Resources

Arqit began to generate revenue from its principal business operations which is the provision of cybersecurity services, in the fiscal year ended September 30, 2021. Arqit will continue to incur net losses in accordance with its operating plan as it further develops the commercialization of its products.

In the period under review, Arqit has funded its operations, capital expenditure and working capital requirements through public offerings of its securities including proceeds from (1) completion of the business combination in September 2021, (2) sales of ordinary shares under its ATM Program (as defined below) and (3) sales of ordinary shares in registered direct offerings in February 2023 and September 2023. Historically, Arqit also funded its operations from capital contributions, loans and borrowings from certain venture investors and grants from the UK government's Future Fund, including convertible loan notes that were converted into ordinary shares in connection with the Business Combination. Arqit's primary uses of liquidity in the period under review have been working capital requirements as it continues to increase commercialization of its products.

In December 2022, Arqit filed a registration statement on Form F-3 in order to establish an at-the-market equity offering program (the "ATM Program") pursuant to which it may issue and sell ordinary shares with an aggregate offering price of up to $30.0 million. Arqit has no obligation to sell any such shares under its ATM Program. Actual sales will depend on a variety of factors to be determined by the Group from time to time, including, among others, whether additional capital is required, market conditions, the trading price of Arqit's ordinary shares, determination of the appropriate sources of funding for the Group, and potential uses of available funding. Arqit intends to use the net proceeds from the offering of such shares, if any, for general corporate purposes. In the year ended September 30, 2023, Arqit issued 7,814,459 shares under the ATM Program, generating proceeds to the Company before fees and expenses of approximately $11.5 million. In the six months ended March 31, 2024, the Arqit did not issue any shares under the ATM Program.

Cash Flows Summary

Cash Flows Used in Operating Activities

Cash flows used in operating activities to date have primarily resulted from personnel related costs, fluctuations in trade payables and other current assets and liabilities. During the six months ended March 31, 2024 cash used in operating activities was $22.7 million. The primary factors affecting operating cash flows during the period were a net loss of $51.1 million and adjustments for non-cash items of $28.4 million.

During the six months ended March 31, 2023 cash used in operating activities was $9.4 million. The primary factors affecting operating cash flows during the period were a net loss of $21.8 million and adjustments for non-cash items of $12.4 million.

Arqit's non-cash items primarily consist of fair value movement on warrant valuation, share-based charges, impairment charges and depreciation, while movements in working capital are primarily driven by changes in trade and other payables.

Cash Flows Used in Investing Activities

Net cash used in investing activities was $0.4 million for the six months ended March 31, 2024, compared with $17.1 million for the six months ended March 31, 2023. These year over year decreases were primarily attributed to reduction in expenditure within the discontinued satellite business and increases in interest received.

Cash Flows Provided by Financing Activities

Net cash generated from financing activities was $0.1 million for the six months ended March 31, 2024, compared with $19.6 million for the six months ended March 31, 2023. Net cash provided by financing activities for the six months ended March 31, 2024 was primarily related to proceeds from government grants being offset by lease costs. Net cash provided by financing activities for the six months ended March 31, 2023 was primarily related to shares issued in connection with a registered direct offering and sales under the ATM Program during the period.